

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 /111 W
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R 030903Z JUL 75

FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 5219

INFO AMEMBASSY NAIROBI

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONGEN ASMARA

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E.O. 11652: N/A

TAGS: ECON EINV ET

SUBJECT: EPMG MODIFIES NATIONALIZATION PROCLAMATION

REF: ADDIS 3308

1. EPMG ISSUED A NEW PROCLAMATION DATED JUNE 25 REGARDING GOVERNMENT CONTROL OF MINERAL PROSPECTING, EXPLORATION AND MINING ACTIVITIES. THE PRIMARY EFFECT OF THE PROCLAMATION IS TO OPEN PROSPECTING, EXPLORATION AND EXPLOITATION OF COAL, PETROLEUM, NATURAL GAS AND OTHER CARBONS AND HYDROCARBONS; IRON, COPPER, NICKEL AND OTHER METALLIC MATERIALS; AND POTASH, PHOSPHATE, SULFUR AND OTHER NON-METALLIC MINERALS TO FOREIGN PUBLIC AND PRIVATE CAPITAL PARTICIPATION WITH THE ETHIOPIAN GOVERNMENT UNDER TERMS AND CONDITIONS TO BE AGREED. THIS MODIFICATION BRINGS THE OFFICIAL GOVERNMENT REGULATIONS BACK IN LINE WITH THE POLICY CONTAINED IN THE MINING SECTION OF THE FEBRUARY 7

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DECLARATION OF ECONOMIC POLICY.

2. COMMENT: SOME WEEKS AGO THE MINISTER OF MINES, HAILU YEMANU, ASSURED REPRESENTATIVES OF WHITESTONE INTERNATIONAL, INC. THAT THE GOVERNMENT WOULD MODIFY ITS EARLIER PROCLAMATION REQUIRING 51 PERCENT GOVERNMENT PARTICIPATION IN MINERAL EXPLORATION ACTIVITIES. THIS PROCLAMATION DOES THAT AND ALSO LEAVES THE EXPLOITATION AND MINING OF CERTAIN MINERALS OPEN TO NEGOTIATION BETWEEN THE GOVERNMENT AND FOREIGN PUBLIC AND PRIVATE ENTERPRISES. AS FAR AS THE EMBASSY IS AWARE, THIS IS THE FIRST INSTANCE OF THE PMAC OFFICIALLY REVERSING ITSELF REGARDING ONE OF ITS BASIC POLICIES. THIS REVERSAL WAS UNDOUBTEDLY HELPED ALONG BY THE ILL-CONSIDERED APPROACH PREVIOUSLY ADOPTED IN AN AREA OF HIGH CAPITAL EXPENDITURES AND HIGH RISK. MOREOVER THIS CHANGE CAN BE MADE QUIETLY WITHOUT MANY ETHIOPIANS BECOMING AWARE OF THE FACT THAT THE GOVERNMENT HAS CHANGED ITS POLICY. IT IS, NEVERTHELESS, ENCOURAGING THAT THE PMAC WAS WILLING TO REVERSE ITSELF IN A FIELD WHERE, IN PRACTICAL TERMS, IT WAS THE ONLY SENSIBLE THING TO DO.
HUMMEL

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